



UNITED STATES OF AMERICA
FEDERAL TRADE COMMISSION
600 PENNSYLVANIA AVENUE, NW
WASHINGTON, DC 20580

Division of Enforcement
Bureau of Consumer Protection

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Direct Dial
(202) 326-3740

June 29, 2001

Laurent Paichot
Federation of the Swiss Watch Industry
CH-2502 Bienne

Dear Mr. Paichot:

This is in response to your letter of June 21, 2001 to Ms. DeMartino, requesting a staff opinion regarding the marking of gold watch cases. Your letter explains that the international marking standards for gold jewelry products – the ISO standards – define fineness for different alloys of precious metals in thousandths, *e.g.*, 18 karat gold is described as 750. Your letter requests a staff opinion as to whether it would be deceptive for a watch producer to mark an 18 karat gold watch case “Gold 750.”

The Federal Trade Commission’s Guides for the Jewelry, Precious Metals, and Pewter Industries (“Guides”) are an administrative interpretation of the laws administered by the Federal Trade Commission to provide guidance for the public to conform with legal requirements. The Guides prohibit deception in general and provide, in pertinent part, that “[i]t is unfair or deceptive to misrepresent the presence of gold or gold alloy in an industry product, or the quantity or karat fineness of gold or gold alloy contained in the product . . .” 16 C.F.R. § 23.4(a). The Guides also provide that it may be misleading to use the “word ‘Gold’ or any abbreviation to describe all or part of an industry product composed throughout of an alloy of gold, unless a correct a correct designation of the karat fineness of the alloy immediately precedes the word “Gold” or its abbreviation, and such fineness designation is of at least equal conspicuousness.” 16 C.F.R. § 23.4(b)(2).

The Guides further provide examples of markings and descriptions that are consistent with the principles described in the sections quoted above. These examples do not define fineness in thousandths but instead use karat markings such as, “14 Karat Gold,” “14 K. Gold,” or “14 Kt. Gold.” *See* 16 C.F.R. § 23.4(c)(1). American consumers are accustomed to gold alloy fineness expressed in these terms. The use of the description “Gold 750” to describe a product composed of 18 karat gold is a truthful statement, however. Accordingly, staff does not believe this representation is misleading as a matter of law. American consumers, however, might be confused by such a representation and perhaps further explanation could be provided in some other medium, such as in a paper insert enclosed in the watch case or on a hang-tag.

In accordance with Section 1.3(c) of the Commission's Rules of Practice and Procedure (16 C.F.R. § 1.3(c)), this is a staff opinion only and has not been reviewed or approved by the Commission or by any individual Commissioner, and is given without prejudice to the right of the Commission later to rescind the advice and, where appropriate, to commence an enforcement action. In accordance with Section 1.4 of the Commission's Rules of Practice and Procedure (16 C.F.R. § 1.4), this response to your request will be placed on the public record, along with your request for advice. I hope this has been helpful. If you have any further questions, you may contact me at the above number.

Sincerely yours,

Robin Rosen Spector
Attorney